

1900 Public Employees' Retirement System

The California Public Employees' Retirement System (CalPERS) administers retirement and health benefits for more than 1.4 million active employees and retirees of state and local agencies in California. Benefits include retirement, disability, and survivor's retirement benefits; Social Security for state employees; and the development, negotiation, and administration of contracts with health maintenance organizations, group hospitals, and medical insurance plans. In addition, CalPERS administers a long-term care program for members and eligible individuals.

CalPERS is governed by a Board of Administration. The California Constitution provides that the Board of Administration has authority over the administration of the retirement system; therefore, the budget data presented here is for informational purposes only, with the exception of the component of the Health Benefits Program funded from the Public Employees' Contingency Reserve Fund.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
10 Retirement	625.8	742.2	742.2	\$59,028	\$65,576	\$65,577
30 Health Benefits	123.7	152.8	154.7	15,154	18,814	22,572
40 Investment Operations	150.8	170.6	170.6	39,275	41,930	41,930
50 Administration	770.3	886.2	886.2	133,890	139,642	139,726
99 Unclassified (Benefit Payments)	-	-	-	<u>11,082,808</u>	<u>12,108,911</u>	<u>13,305,899</u>
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	1,670.6	1,951.8	1,953.7	\$11,330,155	\$12,374,873	\$13,575,704

FUNDING		2005-06*	2006-07*	2007-08*
0615	State Peace Officer's and Firefighters' Defined Contribution Plan Fund	\$6,579	\$8,092	\$9,953
0815	Judges' Retirement Fund	620	705	702
0820	Legislators' Retirement Fund	290	326	328
0822	Public Employees' Health Care Fund (PEHCF)	1,199,096	1,396,305	1,578,188
0830	Public Employees' Retirement Fund	10,102,770	10,943,096	11,956,699
0884	Judges' Retirement System II Fund	406	457	459
0942	Special Deposit Fund	-	513	509
0950	Public Employees Contingency Reserve Fund	16,338	21,561	25,035
0962	Volunteer Firefighter Length of Service Award Fund	208	241	254
0995	Reimbursements	<u>3,848</u>	<u>3,577</u>	<u>3,577</u>
TOTALS, EXPENDITURES, ALL FUNDS		\$11,330,155	\$12,374,873	\$13,575,704

There are also non-add General Fund retirement contributions to CalPERS in the amounts of \$1,322,000 for 2005-06, \$1,466,000 for 2006-07, and \$1,466,000 for 2007-08. The Special Funds retirement contributions are \$721,000 for 2005-06, \$799,000 for 2006-07, and \$799,000 for 2007-08. The Non-Governmental Cost Funds retirement contributions are \$360,000 for 2005-06, \$400,000 for 2006-07, and \$400,000 for 2007-08. Also note that the expenditures for funds 0615, 0822, 0830, and 0962 include unclassified expenditures for benefit payments, which are detailed in the Detail of Appropriations and Adjustments.

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Government Code, Title 2, Division 5, Parts 3 and 5; and Article XVI, Section 17, California Constitution.

DETAILED BUDGET ADJUSTMENTS

Baseline Adjustment Descriptions	2006-07*			2007-08*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Other Baseline Adjustments	\$-	\$36,570	-	\$-	\$1,233,558	-
• Other Baseline Adjustments	-	-977	-	-	-470	-
Totals, Baseline Adjustments	\$-	\$35,593	-	\$-	\$1,233,088	-
Policy Adjustment Descriptions						

* Dollars in thousands, except in Salary Range.

1900 Public Employees' Retirement System - Continued

	2006-07*			2007-08*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Health Care Decision Support System Innovative Progress (HIP) Project	\$-	\$-	-	\$-	\$3,336	1.9
Totals, Policy Adjustments	\$-	\$-	-	\$-	\$3,336	1.9
TOTALS, BUDGET ADJUSTMENTS	\$-	\$35,593	-	\$-	\$1,236,424	1.9

PROGRAM DESCRIPTIONS (Program Objectives Statement)

10 RETIREMENT

Through this program, California Public Employees' Retirement System (CalPERS) provides retirement planning education, service and disability retirement, refunds, and survivor and death benefits for employees of California public employers. CalPERS provides special benefits based on death or disability incurred in the line of duty for members in certain occupations. As of June 30, 2006, there were 1,048,895 active and inactive members and 441,277 retirees/survivors/beneficiaries under the CalPERS system.

Basic retirement benefits are generally based upon three factors: age at retirement, years of service, and final compensation. There are different formulas for each of the member categories, such as Miscellaneous, Industrial, Peace Officer/Firefighter, California Highway Patrol, and Safety. Over 50 contract options are available to local cities, counties, and districts that contract with CalPERS. Benefits are modified by the selection of one of several options and by the employee's membership category. A member's retirement and death benefits are determined by contract provisions.

As of June 30, 2006, there were 2,597 public agency and school district employers providing CalPERS retirement, death, and survivor benefits to California public employees. CalPERS benefits are transferable for members who continue their careers with many other public employers in California as a result of agreements between CalPERS and other public agency retirement systems.

CalPERS also administers the Legislators', Judges', and Volunteer Firefighters' Retirement Systems.

30 HEALTH BENEFITS

Through this program, CalPERS contracts with health maintenance organizations, claim administrators, employee associations, and others to provide health and long term care insurance for state, California State University, and local Public Agency employees, retirees, and their dependents. The program negotiates and monitors health plan contracts; develops cost-effective programs; provides enrollment services to members and employers; meets and confers with employee organizations and employer representatives; maintains demographic and statistical information systems; establishes standards for Basic, Supplement to Medicare, and Managed Medicare health plans; establishes and maintains health benefits coverage for eligible employees and retirees; establishes coverage for public agencies; provides accurate and timely accounting for participating agencies and serves as an impartial intermediary between CalPERS enrollees and insurance carriers in resolving claim and service disputes.

40 INVESTMENT OPERATIONS

Through this program, CalPERS invests funds in various investment categories (stocks, bonds, real estate, etc.) for the purpose of minimizing the employers' contributions to the system needed to provide benefits to active participants, retired members, and their beneficiaries. Since CalPERS' establishment in 1932 the System's assets have grown from \$800,000 to a total of \$208.2 billion, as of June 30, 2006.

50 ADMINISTRATION

Through this program, CalPERS provides executive direction, specialized information, and administrative support necessary to administer all CalPERS programs. The various services include: Audits; Diversity Outreach; Executive; Fiscal Services; Human Resources; Information Technology Services; Legal; Enterprise Compliance; Governmental Affairs; Operation Support; Strategic Management Services; Public Affairs; and the R Street Construction Project.

EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	1,670.6	1,956.0	1,956.0	\$100,413	\$114,754	\$116,938
Total Adjustments	-	-	2.0	-	-	130
Estimated Salary Savings	-	-4.2	-4.3	-	-269	-275
Net Totals, Salaries and Wages	1,670.6	1,951.8	1,953.7	\$100,413	\$114,485	\$116,793

* Dollars in thousands, except in Salary Range.

1900 Public Employees' Retirement System - Continued

1 State Operations	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
Staff Benefits	-	-	-	36,465	42,039	39,782
Totals, Personal Services	1,670.6	1,951.8	1,953.7	\$136,878	\$156,524	\$156,575
OPERATING EXPENSES AND EQUIPMENT				\$110,470	\$109,438	\$113,230
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$247,348	\$265,962	\$269,805
4 Unclassified						
TOTALS, EXPENDITURES, ALL FUNDS (Unclassified)				\$11,082,807	\$12,108,911	\$13,305,899

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2005-06*	2006-07*	2007-08*
0001 General Fund			
APPROPRIATIONS			
State Retirement Contribution to CalPERS (GF)	(\$1,321,565)	(\$1,465,894)	(\$1,465,894)
TOTALS, EXPENDITURES	\$-	\$-	\$-
0494 Other Unallocated Special Funds			
APPROPRIATIONS			
State Retirement Contribution to CalPERS (SF)	(\$720,854)	(\$799,579)	(\$799,579)
TOTALS, EXPENDITURES	\$-	\$-	\$-
0815 Judges' Retirement Fund			
APPROPRIATIONS			
015 Budget Act appropriation	(\$807)	(\$705)	(\$702)
Revised expenditure authority	(-134)	(-)	-
State Constitution, Article XVI, Section 17	620	705	702
TOTALS, EXPENDITURES	\$620	\$705	\$702
0820 Legislators' Retirement Fund			
APPROPRIATIONS			
015 Budget Act appropriation	(\$344)	(\$326)	(\$328)
Revised expenditure authority	(-31)	(-)	-
State Constitution, Article XVI, Section 17	290	326	328
TOTALS, EXPENDITURES	\$290	\$326	\$328
0822 Public Employees' Health Care Fund (PEHCF)			
APPROPRIATIONS			
001 Budget Act appropriation	-	-	(\$8,859)
Government Code Section 22911 (PERSCARE Administrative costs)	\$7,773	\$8,571	8,859
TOTALS, EXPENDITURES	\$7,773	\$8,571	\$8,859
0830 Public Employees' Retirement Fund			
APPROPRIATIONS			
003 Budget Act appropriation	(\$372,377)	(\$458,419)	(\$555,635)
Revised expenditure authority	(276,354)	(97,216)	-
015 Budget Act appropriation	(239,649)	(230,127)	(230,161)
Revised expenditure authority	(-13,927)	(-50)	-
State Constitution, Article XVI, Section 17	217,918	230,077	230,161

* Dollars in thousands, except in Salary Range.

1900 Public Employees' Retirement System - Continued

1 STATE OPERATIONS	2005-06*	2006-07*	2007-08*
Government Code Section 20236 (Investment related bill analysis)	<u>50</u>	<u>50</u>	<u>50</u>
TOTALS, EXPENDITURES	\$217,968	\$230,127	\$230,211
0884 Judges' Retirement System II Fund			
APPROPRIATIONS			
015 Budget Act appropriation	(\$508)	(\$457)	(\$459)
Revised expenditure authority	(-68)	(-)	-
State Constitution, Article XVI, Section 17	<u>406</u>	<u>457</u>	<u>459</u>
TOTALS, EXPENDITURES	\$406	\$457	\$459
0942 Special Deposit Fund			
APPROPRIATIONS			
001 Budget Act appropriation	-	\$489	\$509
Allocation for employee compensation	-	21	-
Adjustment per Section 3.60	-	<u>3</u>	-
TOTALS, EXPENDITURES	\$-	\$513	\$509
0950 Public Employees Contingency Reserve Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$18,276	\$20,655	\$24,799
Allocation for employee compensation	-	593	-
Adjustment per Section 3.60	-45	75	-
Revised expenditure authority	-984	-	-
017 Budget Act appropriation	223	223	236
Allocation for employee compensation	-	14	-
Adjustment per Section 3.60	-	<u>1</u>	-
Totals Available	\$17,470	\$21,561	\$25,035
Unexpended balance, estimated savings	<u>-1,132</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$16,338	\$21,561	\$25,035
0962 Volunteer Firefighter Length of Service Award Fund			
APPROPRIATIONS			
015 Budget Act appropriation	(\$129)	(\$125)	(\$125)
Revised expenditure authority	(-4)	(-)	-
State Constitution, Article XVI, Section 17	<u>105</u>	<u>125</u>	<u>125</u>
TOTALS, EXPENDITURES	\$105	\$125	\$125
0988 Various Other Unallocated Non-Governmental Cost Funds			
APPROPRIATIONS			
State Retirement Contribution to CalPERS (NGC)	<u>(\$360,427)</u>	<u>(\$399,789)</u>	<u>(\$399,789)</u>
TOTALS, EXPENDITURES	\$-	\$-	\$-
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	<u>\$3,848</u>	<u>\$3,577</u>	<u>\$3,577</u>
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$247,348	\$265,962	\$269,805
4 UNCLASSIFIED			
0615 State Peace Officer's and Firefighters' Defined Contribution Plan Fund			
APPROPRIATIONS			
Government Code Sections 22960.45-22960.48 (benefits paid)	<u>\$6,579</u>	<u>\$8,092</u>	<u>\$9,953</u>
TOTALS, EXPENDITURES	\$6,579	\$8,092	\$9,953
0822 Public Employees' Health Care Fund (PEHCF)			
APPROPRIATIONS			
Government Code Section 22840.2 (benefits paid)	<u>\$1,191,323</u>	<u>\$1,387,734</u>	<u>\$1,569,329</u>
TOTALS, EXPENDITURES	\$1,191,323	\$1,387,734	\$1,569,329

* Dollars in thousands, except in Salary Range.

1900 Public Employees' Retirement System - Continued

4 UNCLASSIFIED	2005-06*	2006-07*	2007-08*
0830 Public Employees' Retirement Fund			
APPROPRIATIONS			
Government Code Sections 20170-20178 (benefits paid)	\$9,236,072	\$10,157,334	\$11,170,853
Government Code Sections 20172 and 20208 (Other Investment-related expenses)	16,033	22,400	22,400
Government Code Section 20210 (External Investment Advisors)	<u>632,697</u>	<u>533,235</u>	<u>533,235</u>
TOTALS, EXPENDITURES	\$9,884,802	\$10,712,969	\$11,726,488
0962 Volunteer Firefighter Length of Service Award Fund			
APPROPRIATIONS			
Government Code Section 50956 (Service Award Payments)	<u>\$103</u>	<u>\$116</u>	<u>\$129</u>
TOTALS, EXPENDITURES	\$103	\$116	\$129
TOTALS, EXPENDITURES, ALL FUNDS (Unclassified)	\$11,082,807	\$12,108,911	\$13,305,899
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Unclassified)	\$11,330,155	\$12,374,873	\$13,575,704

FUND CONDITION STATEMENTS

	2005-06*	2006-07*	2007-08*
0615 State Peace Officer's and Firefighters' Defined Contribution Plan Fund ^N			
BEGINNING BALANCE	\$240,573	\$259,444	\$314,631
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
215000 Income From Investments	16,517	15,527	15,054
299000 Employer Contributions	<u>8,933</u>	<u>47,752</u>	<u>50,000</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$25,450</u>	<u>\$63,279</u>	<u>\$65,054</u>
Total Resources	\$266,023	\$322,723	\$379,685
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
1900 Public Employees' Retirement System (Unclassified)	6,579	8,092	9,953
Retirement Allowances	<u>(6,579)</u>	<u>(8,092)</u>	<u>(9,953)</u>
Total Expenditures and Expenditure Adjustments	<u>\$6,579</u>	<u>\$8,092</u>	<u>\$9,953</u>
FUND BALANCE	\$259,444	\$314,631	\$369,732
0822 Public Employees' Health Care Fund (PEHCF) ^N			
BEGINNING BALANCE	\$294,494	\$325,169	\$285,854
Prior year adjustments	<u>534</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$295,028	\$325,169	\$285,854
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
215000 Income From Investments (Interest)	18,029	16,100	15,100
221000 Contributions to Fiduciary Funds (Premiums)	<u>1,211,210</u>	<u>1,340,900</u>	<u>1,553,200</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$1,229,239</u>	<u>\$1,357,000</u>	<u>\$1,568,300</u>
Total Resources	\$1,524,267	\$1,682,169	\$1,854,154
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	2	4	7
1900 Public Employees' Retirement System			
State Operations	7,773	8,571	8,859
Administrative Cost - PERS	<u>(7,773)</u>	<u>(8,571)</u>	<u>(8,579)</u>
Unclassified	1,191,323	1,387,734	1,569,329
Administrative Cost - Controllers	<u>(3,360)</u>	<u>(3,634)</u>	<u>(3,929)</u>
Administrative Cost - Carriers	<u>(56,544)</u>	<u>(53,600)</u>	<u>(51,400)</u>
Medical Payments	<u>(756,227)</u>	<u>(880,200)</u>	<u>(997,700)</u>

* Dollars in thousands, except in Salary Range.

1900 Public Employees' Retirement System - Continued

	2005-06*	2006-07*	2007-08*
Drug Payments	(375,192)	(450,300)	(516,300)
9670 Equity Claims of California Victim Compensation and Government Claims Board and (State Operations)	-	6	-
Total Expenditures and Expenditure Adjustments	<u>\$1,199,098</u>	<u>\$1,396,315</u>	<u>\$1,578,195</u>
FUND BALANCE	\$325,169	\$285,854	\$275,959
0830 Public Employees' Retirement Fund ^N			
BEGINNING BALANCE	\$189,498,683	\$210,040,013	\$230,734,747
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
215000 Income From Investments	21,632,265	20,000,000	20,000,000
221000 Contributions to Fiduciary Funds	9,175,908	11,803,000	15,184,000
221000 Refunds of Contributions	-170,929	-172,000	-174,000
299000 Other	<u>6,959</u>	<u>7,000</u>	<u>7,000</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$30,644,203</u>	<u>\$31,638,000</u>	<u>\$35,017,000</u>
Total Resources	\$220,142,886	\$241,678,013	\$265,751,747
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	102	167	185
1900 Public Employees' Retirement System			
State Operations	217,968	230,127	230,211
Support	(217,918)	(230,077)	(230,161)
Investment Related Bill Analysis (Government Code Section 20236)	(50)	(50)	(50)
Unclassified	9,884,802	10,712,969	11,726,488
Retirement Allowances	(9,177,258)	(10,098,334)	(11,111,853)
Death Benefits	(58,814)	(59,000)	(59,000)
External Investment Advisors	(632,697)	(533,235)	(533,235)
Other Investment-Related Expenses	(16,033)	(22,400)	(22,400)
9670 Equity Claims of California Victim Compensation and Government Claims Board and (State Operations)	1	3	-
Total Expenditures and Expenditure Adjustments	<u>\$10,102,873</u>	<u>\$10,943,266</u>	<u>\$11,956,884</u>
FUND BALANCE	\$210,040,013	\$230,734,747	\$253,794,863
Reserve for deficiencies	420,012	424,000	428,000
Remaining assets available for future benefits	209,620,001	230,310,747	253,366,863
0950 Public Employees Contingency Reserve Fund ^N			
BEGINNING BALANCE	\$7,846	\$9,679	\$33,816
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
215000 Income from Investments (Interest)	5,432	6,701	6,878
221000 Contributions to Fiduciary Funds (Administrative)	12,747	15,129	14,346
FO0942 Transfer from the Special Deposit Fund	-	<u>23,881</u>	<u>14,119</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$18,179</u>	<u>\$45,711</u>	<u>\$35,343</u>
Total Resources	\$26,025	\$55,390	\$69,159
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	8	13	17
1900 Public Employees' Retirement System (State Operations)	16,338	21,561	25,035
9650 Health and Dental Benefits for Annuitants (State Operations)	-	-	<u>38,000</u>
Total Expenditures and Expenditure Adjustments	<u>\$16,346</u>	<u>\$21,574</u>	<u>\$63,052</u>
FUND BALANCE	\$9,679	\$33,816	\$6,107

* Dollars in thousands, except in Salary Range.

1900 Public Employees' Retirement System - Continued

	2005-06*	2006-07*	2007-08*
0962 Volunteer Firefighter Length of Service Award Fund ^N			
BEGINNING BALANCE	\$3,068	\$3,434	\$4,050
Prior year adjustments	-18	-	-
Adjusted Beginning Balance	\$3,050	\$3,434	\$4,050
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
215000 Income from Investments	285	210	210
299000 Other Operating Revenues (Department Contribution)	307	647	647
Total Revenues, Transfers, and Other Adjustments	\$592	\$857	\$857
Total Resources	\$3,642	\$4,291	\$4,907
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
1900 Public Employees' Retirement System			
State Operations	105	125	125
Unclassified	103	116	129
Service Award Payments	(103)	(116)	(129)
Total Expenditures and Expenditure Adjustments	\$208	\$241	\$254
FUND BALANCE	\$3,434	\$4,050	\$4,653

CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
Totals, Authorized Positions	1,670.6	1,956.0	1,956.0	\$100,413	\$114,754	\$116,938
Proposed New Positions:				Salary Range		
Research Program Specialist II	-	-	1.0	5,134-6,239	-	68
Research Program Specialist I	-	-	1.0	4,674-5,681	-	62
Totals, Proposed New Positions	-	-	2.0	\$-	\$-	\$130
Total Adjustments	-	-	2.0	\$-	\$-	\$130
TOTALS, SALARIES AND WAGES	1,670.6	1,956.0	1,958.0	\$100,413	\$114,754	\$117,068

* Dollars in thousands, except in Salary Range.